10. Mr. Helen shall during the period of his service as the Engineer and Rubber Expert of Government be in all respect subject to the rules of the T. S. R. so far as may be applicable to him consistently with this agreement.

11. Mr. Helen shall duly and properly render the services undertaken by him by virtue of the agreement.

IN WITNESS WHEREOF the parties to THESE PRESENTS have hereunto set their hands and seals the day and year first above written.

Signed, sealed and delivered by the above said Rao Sahib N. Kunjan Pillai Esq., M. A., B. Sc,. Ph. D., Chief Secretary to the Government of Travancore acting for and on behalf of the Government of Travancore.

(Sd.) N. Kunjan Pillai.

IN THE PRESENCE OF WINTESSES.

(1) (Sd.) A. R. Subrahmanya Aiyar,
Assistant Secretary to Government.

(2) (Sd.) M. Velu Pillai,
Superintendent, Secretariat.

Signed, sealed and delivered by Mr. Helen.

(Sd.) J. Helen

IN THE PRESENCE OF WITNESSES.

(1) (Sd.) P. Krishnan Nair,
Auditor, Office of the Director of Industries.

(2) (Sd.) P. Chellaperumal Pillai,
Senior Clerk, Office of the Director of Industries.

STATEMENT BY THE DEWAN.

Dewan—President: As Dewan, I am taking the liberty of addressing the Council, under Section 5 (4).

I propose to address this honourable House in pursuance of what I have stated elsewhere to be the policy of the Government, namely, to take the Legislature into complete confidence, in regard to matters of important policy, as soon as it becomes possible for the Government to do so. I shall first deal with the subject which arose out of a question put by an honourable member to-day regarding the Rubber Factory.

As President of this Council I have received many questions with regard to the Rubber Factory, some of which proceed on misconceptions. I think it is my duty to clear the point and to make such misconceptions impossible henceforth. The policy of the Government in regard to industries in the State has already been enunciated ; but I shall reiterate it before this House.

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[Dewan—President.]

The Government's policy in regard to industries is that there is a paramount duty resting on the State to control and to organise the provision of the primal necessities of the people—namely, water supply, drainage, light, electricity, and transport—for the utmost benefit of the people committed to the rule of His Highness the Maha Raja. With regard to other industries, it may be necessary, at a certain stage in their development, for the Government to start them and encourage them actively, or in other words, to start experiments so as to see whether those industries cannot be profitably pursued to the advantage and benefit of the people of the State. But the duty of the State stops there. Demonstration, and not active trade or commercial enterprise, is the duty of the State.

From that point of view, an industry like the rubber industry demanded a certain amount of preliminary work, experimentation and inauguration of a factory. As is well known to the members of this honourable House and to the people at large, the Travancore State is the largest producers of rubber in India. On account of the slump in rubber, the producers of rubber suffered greatly, and the persons who had put in a lot of capital on rubber plantations found themselves at their wits' end to find uses for their rubber. I have heard that part of the difficulties antecedent to the Agriculturists' Relief Bill was due to the distress produced in certain quarters as a result of the slump in rubber. But, that is a digression.

Now, realising that position, it came to the mind of the Government that the utilisation of the rubber produced in the State, for purposes of the State which are manifold, might be tried. In other words, Government thought that it would not do merely to produce a large quantity of raw rubber but that the manufacture of such rubber into rubber goods should be tried. The matter was considered worthy of a trial, and the Rubber Factory was accordingly started, and the agreement, which was referred to in the interpellation, was entered into.

It is now manifest that there is a great scope for the manufacture of rubber goods in this State so as to satisfy the needs not only of this State but of the south of India, that there is great scope also for the utilisation of manufactured rubber goods in a hundred different directions relating to transport and other utilities.

Now, the State's primary function has been discharged, and the time has arrived for this concern to be run on a commercial and competitive basis. What do I mean? Without meaning any disrespect to any officer of the Government, I want it to be realised that a Government department is not in its very nature competent to run a commercial enterprise satisfactorily and profitably. Adver-

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tising, pushing goods on the market, making concessions when necessary, giving discounts, allowing rebates, finding markets, these are things which no Government officer, no Government department can do effectively ; and, if they try to do all this, there is the likelihood of complaint from various quarters. A competitive commercial enterprise can and will naturally do many things which a Government department cannot do. Further, no Government servant has got, by virtue of his very training, the special qualities which make for conspicuous success in commercial enterprise.

Now, bearing these matters in mind, Government have come to the conclusion that the Rubber Factory should henceforth be run as a purely commercial concern, especially as it has immense potentialities. Notwithstanding the so-called competition which has been referred to, and which may encounter it from any other company which may be started here, this company, properly run, will be able to stand its own and be of the greatest assistance to the whole of South India. Feeling like that, Government have come to the conclusion that it should not be handed over to any particular individual. No single person will be a licensee or lessee of this company. A limited liability company will be formed immediately. The shares of that company will be available to the people of Travancore, and that company will under certain safeguards be granted a lease of the factory. Government will take care that its investments are properly safeguarded, that it gets proper return for its investments, for the materials and machinery put into the factory; but it will not claim anything more except special treatment in the matter of Government purchases from the factory.

That is the policy of the Government in regard to the Rubber Factory ; and, I may say, that will be the policy of the Government in regard to other businesses or ventures either already existing or about to be started. Government will deem it part of its duties to demonstrate the value and the possibilities of certain nascent industries, to make the people realise what can be done. The moment those possibilities are proved, it will be left to the people to run them on commercial lines so as to secure the utmost possible benefit to the people of the State.

Now, turning to another subject with has an intimate bearing upon both the industrial and the agricultural future of this State, it has been suggested, in the course of the debate on the Agriculturists' Relief Bill here and elsewhere, and in the public press and on public platforms, that there is urgent necessity for a central banking agency to be started. I think it is my duty, in this matter also, to take this House and the public into confidence.

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[Dewan—President.]

Government have come to the conclusion that great need exists for the formation of a central banking agency which will not compete with existing banking organisations but be a sort of banker's bank which can adequately finance the trade of the State, and which can incidentally and indirectly though adequately deal with the question of agricultural indebtedness. Obviously, the Government cannot embark on any banking enterprise or finance the activities of the people. When any industry is started, be it the rubber industry or the paper industry or any other industry, the first question that is put is as to what facilities the Government will give, how much the Government will advance, what concessions they will make. In the nature of things, Government cannot do much in this direction. But, if there is a first rate bank equal to any bank in India, functioning here, that bank will be able to look into the rights and the wrongs of these matters. If they find that a particular industrial concern is working on right lines they will finance it taking the necessary securities and precautions; if, on the other hand, they find that a concern is a bogus concern or is run on wrong lines, they may decline to finance it. The whole responsibility will rest on the banking concern and not on the Government.

Similarly, with regard to the Land Mortgage Bank. Suppose the Land Mortgage Bank wishes to extend its activities. It is not the Government that ought to be resorted to in this matter. The central banking agency already referred to will scrutinise the working of the Land Mortgage Bank, see whether it is properly conducted or not, enable it to issue debentures, finance the debentures and thereby enable the Land Mortgage Bank to afford greater relief to the agriculturists and others in the country.

It is from this point of view that Government have come to the conclusion that not only is there scope for such a central banking agency here but that there is imminent and imperative necessity for the organisation and the promoting of such a concern here. It will not be a Government concern, it will be a concern which the Government will take some interest in bringing into existence.

These are the two matters on which I thought it was necessary to take the House into confidence: and I hope that, in their endeavours, Government will receive that full co-operation and support, from the capitalists, from the agriculturists and from the industrialists of the State, which the Government think they have a right to expect. Not otherwise will the all-round expansion of the State's activities become possible.

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